

Chapter 3

Section 3.03

Metrolinx— GO Station Selection

Standing Committee on Public Accounts Follow-Up on Section 3.07, 2018 Annual Report

On February 26, 2021, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2018 audit of Metrolinx – GO Station Selection. The Committee tabled a report on this hearing in the Legislature in March 2021. A link to the full report can be found at <http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html>

The Committee made 15 recommendations and asked Metrolinx and the Ministry of Transportation (Ministry) to report back by February 2021. The Ministry formally responded to the Committee in July 2021. A number of the issues raised by the Committee were similar to the audit observations of our 2018 audit, which we followed up on in December 2020. The status of each of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between July 2021 and September 2021, and obtained written representation from Metrolinx and the Ministry of Transportation that effective November 25, 2021, they have provided us with a complete update of the status of the recommendations made by the Committee.

Overall Conclusion

As of September 30, 2021, 94% of the Committee's recommended actions have been fully implemented. The one outstanding recommendation requires the Standing Committee on Government Agencies to request Metrolinx to appear before its Committee to discuss its operation and report on its annual report.

Detailed Status of Recommendations

Figure 2 shows the recommendations and status details that are based on responses from both Metrolinx and the Ministry of Transportation, and our review of the information provided.

Figure 1: Summary Status of Actions Recommended in December 2020 Committee Report

Prepared by the Office of the Auditor General of Ontario

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1	1				
Recommendation 2	1	1				
Recommendation 3	1	1				
Recommendation 4	1	1				
Recommendation 5	1	1				
Recommendation 6	1			1		
Recommendation 7	2	2				
Recommendation 8	1	1				
Recommendation 9	1	1				
Recommendation 10	2	2				
Recommendation 11	1	1				
Recommendation 12	1	1				
Recommendation 13	1	1				
Recommendation 14	1	1				
Recommendation 15	1	1				
Total	17	16	0	1	0	0
%	100	94	0	6	0	0

Figure 2: Committee Recommendations and Detailed Status of Actions Taken

Prepared by the Office of the Auditor General of Ontario

Committee Recommendation	Status Details
Recommendation 1 The Standing Committee on Public Accounts recommends that, should Transit-Oriented Communities opportunities be identified, the Ministry of Transportation conduct its own assessment of whether or not the Kirby and Lawrence East GO stations should be built, and whether these stations would benefit the regional transportation network. Status: Fully implemented.	As noted in our Metrolinx–GO Station Selection follow-up (Section 1.06, 2020 Annual Report), in November 2018 the Ministry of Transportation (Ministry) directed Metrolinx to stop procurement of new GO stations, including Kirby and Lawrence East, and asked Metrolinx to adopt a new market-driven strategy by which Metrolinx was to seek partnerships with private builders to deliver new GO stations. Metrolinx is now in the process of reviewing each potential site for a new GO station, including Kirby and Lawrence East, to be delivered through a commercial partnership with a third party such as a developer or landowner. Once this work is completed, before seeking Treasury Board approval to permit Metrolinx to sign commercial agreements with development partners, the Ministry intends to independently assess the partnership opportunities that Metrolinx identifies, including Kirby and Lawrence East, if Metrolinx identifies partnership opportunities for these locations.
Recommendation 2 The Standing Committee on Public Accounts recommends that Metrolinx continue to assess the Transit-Oriented Communities opportunities available, and recommend which stations should be considered for potential contracts with private developers. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that there are a number of Transit-Oriented Communities (TOC) transactions in Metrolinx's GO Heavy Rail and Light Rail Transit (LRT) portfolio that are in active negotiations or have already reached the conditional or binding agreement transaction stage. In all instances, a negotiation strategy for these transactions has been employed using consistent terms, in accordance with TOC governance. TOC transactions requiring capital funding fall under the unified governance and approvals structure set out by the Metrolinx Capital Project Approvals Policy (February 2019). Under this policy, there are up to three governance bodies that review and approve of TOC proposals: • The Metrolinx Investment Panel—consists of Chief Executive Officer, Chief Financial Officer, Chief Planning Officer, Chief Operating Officer, Chief Capital Officer, Deputy Chief Capital Officer • The Metrolinx Board of Directors • Provincial Treasury Board/Management Board of Cabinet (TB/MBC) through Ministry of Transportation (MTO) The Investment Panel is Metrolinx management's accountable governance body for benefits management of TOC proposals that require capital funding, which are reported into the Metrolinx Board of Directors for approvals. Under this governance body, the business cases for TOC proposals have been reviewed for their alignment with the broader service network prior to authorization to proceed. Investment Panel and Board memos provide recommendations based on an assessment on various factors such as the business case analysis, options on commercial/procurement structures, funding status, potential risks, and interface with other parts of the organization.

Committee Recommendation	Status Details
Recommendation 3 The Standing Committee on Public Accounts recommends that the Ministry of Transportation provide information about how the Transit-Oriented Communities program works, including how exactly stations are chosen and prioritized. Status: Fully implemented.	In July 2021, the Ministry of Transportation (Ministry) reported to the Standing Committee on Public Accounts that the TOC program is meant to place more housing and jobs near or at transit stations along the routes of the province's four priority subway projects, including the Ontario Line, Finch West Extension, Scarborough Extension and the Yonge North Extension. In February 2020 and May 2020 respectively, the Province of Ontario entered into Memoranda of Understanding on Transit-Oriented Development with the City of Toronto and York Region. In July 2020, the <i>Transit-Oriented Communities Act</i> was passed, which will rethink the relationship between transit, housing, and commercial spaces and enable more timely construction of vibrant communities around transit stations along the routes of the Province's four priority subway projects. In December 2020, the <i>Ontario Rebuilding and Recovery Act</i> received Royal Assent, which enables the use of regulation to extend the measures of the <i>Transit-Oriented Communities Act</i>. This includes provincial transit initiatives beyond the GTA, including GO Rail expansion and Light Rail Transit projects. Stations are chosen and prioritized based on Metrolinx's Investment Panel assessment. Under this governance body, the business cases for TOC proposals are reviewed for their alignment with the broader service network prior to authorization to proceed. Investment Panel and Board memos provide recommendations based on an assessment of various factors such as the business case analysis, options on commercial/procurement structures, funding status, potential risks, and interface with other parts of the organization.
Recommendation 4 The Standing Committee on Public Accounts recommends that working with development partners, Metrolinx and Infrastructure Ontario ensure that the public is consulted in the station assessment and the Transit-Oriented Communities process. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that it continues to engage the community to participate in a consistent, meaningful, transparent and timely manner, and will continue as part of the TOC process. For example, between 2018 and 2020, Metrolinx made multiple public engagements for Woodbine GO Station and the Park Lawn GO Station. Metrolinx notes that the community will continue to have multiple opportunities to provide input through these processes.
Recommendation 5 The Standing Committee on Public Accounts recommends that Metrolinx ensure it is always operating in a transparent and accountable way, adhering to its obligations under the <i>Freedom of Information and Protection of Privacy Act</i> (FIPPA). Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that it will continue to operate with transparency and in accordance with the <i>Freedom of Information and Protection of Privacy Act</i> (FIPPA). Metrolinx is required by law to meet the requirements of FIPPA and provide a general right of access to information under its control, subject to limited and specific exemptions and exclusions, such as Cabinet Records. As an Agency of the Government of Ontario, Regulation 460 designates Metrolinx as an "institution" subject to FIPPA. In addition, the Memorandum of Understanding between the Minister of Transportation and the Chair of Metrolinx acknowledges that the Agency is bound to follow the requirements set out in FIPPA. Metrolinx's team of Freedom of Information (FOI) specialists administers the operations of the Freedom of Information program and co-ordinates responses to requests for information within legislated time frames, which includes receiving access requests, communicating with and assisting requesters, gathering records, identifying information subject to an exemption or exclusion, and issuing access decisions.

Committee Recommendation	Status Details
Recommendation 6 The Standing Committee on Public Accounts recommends that Metrolinx appear annually before the Standing Committee on Government Agencies to report on its annual report. Status: Little or no progress.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that when such a request is made Metrolinx will appear before the Committee to review the annual report or any other aspect of the agency's mandate and operations.
Recommendation 7 The Standing Committee on Public Accounts recommends that Metrolinx: - implement a policy of requiring official Ministerial direction when the province's objectives are not in alignment with Metrolinx's business cases, plans and decisions; Status: Fully implemented. - consistently request official Ministerial direction when required by this policy. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that under the <i>Metrolinx Act</i>, Metrolinx is required to conform with provincial transportation policies and plans applicable in the regional transportation area. As noted in our Metrolinx–GO Station Selection follow-up (Section 1.06, 2020 Annual Report), we found that Metrolinx had started to request official direction when ministerial decisions differed from the results of its business cases. For instance, in late 2019 Metrolinx asked for ministerial direction on its plan to lower GO local short-distance fares. Further, in 2019 Metrolinx implemented a policy that requires its staff to obtain written direction from the Ministry of Transportation when the province's objectives are not in alignment with Metrolinx's business cases, plans and decisions. Between November 26, 2018, and June 30, 2020, Metrolinx received 11 Ministerial directions on various matters. Since then, between November 26, 2018, and June 30, 2020, Metrolinx received a further seven Ministerial directions on various matters.
Recommendation 8 The Standing Committee on Public Accounts recommends that the Minister of Transportation should consistently provide Metrolinx with letters of direction outlining the Minister's decisions. Status: Fully implemented.	In July 2021, the Ministry Transportation (Ministry) reported to the Standing Committee on Public Accounts that letters of direction serve as accountability mechanisms, which may be issued by the Minister of Transportation on any aspect of the <i>Metrolinx Act</i> (as per section 31 of the <i>Metrolinx Act, 2006</i>). The directives are formal governance tools employed by the Minister to increase accountability and provide transparency on government priorities. In order to facilitate Metrolinx's delivery of provincial priorities in accordance with government direction, the Ministry has increased its use of letters of direction in order to provide clear direction pertaining to the Minister's decision(s) and expectation(s). The Ministry will continue to provide Metrolinx with letters of direction to ensure enhanced accountability and transparency around decision-making.

Committee Recommendation	Status Details
Recommendation 9 The Standing Committee on Public Accounts recommends that Metrolinx continue to engage municipal stakeholders through working groups and regional roundtables in order to support co-ordinated, accountable and transparent decision-making for transit investments in the province. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that, as an agency of the Province of Ontario, Metrolinx is accountable to the province through the Ministry of Transportation. Metrolinx has been tasked with the mandate “to provide leadership in the coordination, planning, financing, development and implementation of an integrated transit network in the regional transportation area [Greater Golden Horseshoe].” As such, Metrolinx co-ordinates and participates in a regional consultation framework that allows for collaboration and seeks to advance regional solutions with key stakeholders in the Greater Golden Horseshoe. This includes triannual meetings of the Regional Roundtable of Chief Administrative Officers and Chief Executive Officers of municipalities and transit agencies, the quarterly Municipal Planning Leaders Forum (MPLF) of planning and transportation senior executives, and a monthly technical advisory group known as the Municipal Technical Advisory Committee (MTAC). Municipalities are regularly informed of Metrolinx transit planning initiatives and studies through this consultation framework. Additionally, Metrolinx communicates and requests formal feedback from affected municipalities by sending draft business cases before they are published. Metrolinx also established governance frameworks with the City of Toronto (November 2019), Durham Region (October 2020), York Region (April 2021), Brampton (Sept 2021) and Mississauga (Sept 2021).
Recommendation 10 The Standing Committee on Public Accounts recommends that Metrolinx: - consistently review the inputs and assumptions used in business cases for their relevance and reliability; Status: Fully implemented. - continue to use the most up-to-date inputs and assumptions in its business case analyses. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that it has taken active steps to ensure that the practice of reviewing and updating business case inputs and assumptions (also referred to as “parameters”) has been formally documented and that there is a supporting procedure outlining specific refresh dates. The Metrolinx Capital Approvals Policy, which was approved by the Board of Directors on February 7, 2019, and “outlines the framework through which capital projects at Metrolinx will be approved, funded and governed,” states that, “a Metrolinx Business Cases follow a consistent set of standards, and methods ... [which are] periodically updated based on review of best practices in project appraisal. The Planning Analytics Team in the Sponsors Office of Planning and Development is responsible for this guidance and for ensuring that any decisions made by the Investment Panel are based on Business Cases that follow the guidance.” The Metrolinx Planning Analytics Team has reviewed the existing inputs as assumptions used in business cases and, based on existing/new emerging data (such as census data and academic research), has created guidelines for the frequency of review for each input and assumption. For example, there is now a requirement to refresh the Value of Time variable every year (12 months), which is updated annually based on Statistics Canada data released in March of each year. Metrolinx will follow these guidelines in continuing to review and refresh business case parameters. Details on these parameters and their respective rates of refresh will be added to the next version.

Committee Recommendation	Status Details
Recommendation 11 The Standing Committee on Public Accounts recommends that Metrolinx make public the names, titles, and organizational affiliations of the expert advisory panel it set up to review the criteria used to develop business cases for transit projects, as well as the criteria used to select panel members, any payment panel members receive, and the scope of the panel's work. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that current members of the advisory panel and the terms of reference are published on Metrolinx's website and panel members are not compensated for their participation. The advisory panel's role is to ensure that Metrolinx's business case practices are up to date and based on the latest research. The advisory panel is comprised of experts from academia, industry and public policy. Metrolinx also publicly reports on the criteria used to select panel members, their organizational affiliations, any payment panel members receive, and the scope of the panel's work.
Recommendation 12 The Standing Committee on Public Accounts recommends that Metrolinx explain to the Committee how the City of Toronto's SmartTrack vision, including the proposal to reduce fares for GO trips within Toronto, has factored, or will factor, into station decisions. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that full fare integration between GO and local transit providers such as the Toronto Transit Commission (TTC) was an assumption made during the development of the New Stations Preliminary Design Business Cases, approved by the Metrolinx Board of Directors in March 2018. The sequence of business cases (initial business case, preliminary design business case, full business case) throughout the project lifecycle ensures that decisions for each project are made on the latest fare-integration assumptions available at that time. The SmartTrack stations were evaluated as part of the 2018 "GO Expansion RER New Stations Business Case Analysis," which included the assumption of the discounted double fare agreement (a \$1.50 fare discount for riders connecting between GO and TTC). Recent business cases include the changes introduced in 2019 to lower the GO base fares and improve alignment with local transit fares. Fare integration is now considered as a sensitivity analysis when appropriate. The fare and service integration strategy continues to be revisited by the Ministry of Transportation and the municipalities.
Recommendation 13 The Standing Committee on Public Accounts recommends that Metrolinx should ensure that station selection and other planning decisions do not directly or indirectly threaten protected natural heritage areas such as the Greenbelt, and shall be consistent with relevant plans and policies, including the Greenbelt Plan and the province's growth plan. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that as part of the planning process for new stations and other transit infrastructure, an Environmental Assessment (EA) or Transit Project Assessment Process (TPAP) is required. Both studies consider potential impacts to natural heritage and environmental features, including areas designated within the Greenbelt Plan, the Niagara Escarpment, or regional conservation areas. Compatibility with relevant plans and policies are also considered as part of the business case when new stations are proposed. Metrolinx works closely with municipalities to ensure consistency with local official plans. For TOC stations proposed by a third party as part of the market-driven approach, the station proponent is required to secure the necessary approvals from the relevant planning authorities to ensure compatibility with applicable land use plans.

Committee Recommendation	Status Details
Recommendation 14 The Standing Committee on Public Accounts recommends that Metrolinx or the provincial government update the Committee on potential direct or indirect impacts to the Greenbelt, including development pressures, resulting from the recent approval or opening of stations within or near the Greenbelt, including the Kirby GO station. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that land use plans often contemplate new development, higher densities, and a mix of land uses located in proximity to transit stations. This is considered good planning practice and is consistent with the policies of the Growth Plan. Although supportive of this practice, Metrolinx is not the approval authority on land-use planning. All decisions with respect to local land uses, including any new development located near transit stations (or otherwise), are led by the municipality in conjunction with regional planning authorities and the Ministry of Municipal Affairs and Housing. As mentioned in Recommendation 13, an Environmental Assessment or Transit Project Assessment Process are conducted where new stations and transit infrastructure are considered, and each of these processes examine impacts to the Greenbelt and other environmental features. However, these studies focus on the transit station and infrastructure itself and would not include surrounding land development.
Recommendation 15 The Standing Committee on Public Accounts recommends that Metrolinx should ensure that the “business-as-usual” option in its business cases reflects actual business-as-usual policy as it exists at the time of publication, including fare policy. Status: Fully implemented.	In July 2021, Metrolinx reported to the Standing Committee on Public Accounts that Business Case Guidance, published in April 2019, specifies that the Business as Usual (BAU) scenario should be drawn from existing commitments. Investments are incremental to what exists today and what is currently funded, committed, or in delivery. Conformance with Business Case Guidance is confirmed through an assurance process for any business cases submitted to Metrolinx’s Investment Panel.